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ORIGINAL

ANGLO-IRISH AGREEMENT SUPPORT ACT OF 1986

JUNE 19 (legislative day, JUNE 16), 1986.—Ordered to be printed

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Mr. LUGAR, from the Committee on Foreign Relations, submitted the following

REPORT

together with

MINORITY VIEWS

The Committee on Foreign Relations, having had under consideration an original bill to provide economic support for the November 15, 1985, agreement between the Government of Ireland and the Government of the United Kingdom, and for other purposes, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of the "Anglo-Irish Agreement Support Act of 1986" is to authorize economic assistance for Northern Ireland and those parts of the Republic of Ireland affected by the sectarian strife of recent years.

MAJOR PROVISIONS

The bill authorizes up to $10 million of previously appropriated Economic Support Fund (ESF) monies for fiscal year 1986 and $10 million in new ESF for fiscal year 1987. In addition, the bill authorizes access to four U.S. Government credit and guarantee programs: the Housing Guarantee program and the Private Sector Revolving Fund of the Agency for International Development, the Trade and Development Program (TDP), and the investment guarantee program of the Overseas Private Investment Corporation (OPIC).

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The bill provides for an annual certification by the President that certain objectives are furthered and an annual report on the use of the funds.

COMMITTEE ACTION

The committee held a hearing on the issue of economic assistance to Northern Ireland on Thursday, April 10, 1986. The following witnesses testified:

Rozanne Ridgway, Assistant Secretary for European and Canadian Affairs, Department of State

M. Peter McPherson, Administrator, Agency for International Development

Robert Bauerlein, Special Assistant, Office of the Under Secretary for Security Assistance, Science and Technology, Department of State

Senator Lugar introduced S. 2139 on March 5, 1986, at the request of the administration. Senators Pell, Biden, Dodd, Eagleton and Kerry joined Senators Kennedy and Moynihan in introducing S. 2149, an alternative assistance bill, on March 6, 1986. On June 12, 1986, the committee met to consider these bills. At that time Senator Lugar offered a substitute bill which Senator Dodd amended to include the stipulations on assistance contained in S. 2149. Subsequently, it was agreed that the Lugar substitute as amended would be favorably reported.

BACKGROUND

As a symbol of U.S. support for the Anglo-Irish Agreement which was signed on November 15, 1985, the Administration proposed an economic assistance package for Northern Ireland and the "affected areas" of the Republic of Ireland. It called for the provisions of $250 million in economic aid, trade credits, and other guarantees over a 5-year period. A modified version of this package has passed the House of Representatives.

BUDGET CONSIDERATIONS

In Congress the Irish aid request has been viewed not only in terms of the need to demonstrate political support for the Anglo-Irish Agreement but also in the context of the fiscal year 1987 foreign assistance request of the Administration as well as the potential impact of the Gramm-Rudman-Hollings legislation on future foreign assistance funding levels.

Last year the Congress passed and enacted a 2-year foreign assistance authorization bill for fiscal year 1986 and fiscal year 1987. The fiscal year 1986 Continuing Resolution and the Gramm-Rudman-Hollings legislation, however, mandated levels below those already authorized for fiscal year 1986 and fiscal year 1987. There appears to be little prospect for program increases in fiscal year 1987 above those authorized levels (or even appropriations levels), since the lower post-sequestration numbers (i.e., the Continuing Resolution (P.L. 99-190) level minus the 4.3 percent reduction mandated by Gramm-Rudman-Hollings) have become the baseline against which program changes are compared.

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The Administration's fiscal year 1987 foreign assistance request is above current year appropriations (post-sequestration) in all foreign assistance accounts. It is also above some of the previously authorized levels for fiscal year 1987.

Thus far, the Administration's foreign assistance request for fiscal year 1987 has met with little enthusiasm in the Congress. This cool response has been due in part to the severe spending reductions in the entire Federal budget mandated by the Gramm-Rudman-Hollings legislation and the many competing demands from other programs. The cool Congressional response is also due in part to several other Administration requests that require action by the Foreign Relations Committee.

The Senate and House budget resolutions contain cuts of $5 billion and $5.6 billion respectively from the President's International Affairs request. These cuts reflect large reductions in FMS credits, in development assistance, and in the operations of the U.S. Information Agency. The budget reductions in the International Affairs function are proportionately larger than those recommended for most other budget functions. With the exception of embassy security, virtually all other programs are recommended at levels below current year appropriations. Thus, in considering the Irish aid request, the Committee had to take into consideration sources for the funds requested for Northern Ireland in fiscal year 1987 and beyond.

THE ANGLO-IRISH AGREEMENT

The Anglo-Irish Agreement on November 15, 1985, may become the most important development in the relations between the United Kingdom and the Republic of Ireland since 1922, when the south of Ireland received independent dominion status as the Irish Free State while Northern Ireland remained within the United Kingdom. Containing only 13 articles, the accord states:

> There is hereby established . . . an Intergovernmental Conference . . . concerned with Northern Ireland and with relations between the two parts of Ireland, to deal, as set out in this Agreement, on a regular basis with (1) political matters; (2) security and related matters; (3) legal matters including the administration of justice; (4) the promotion of cross-border cooperation.

Other articles make clear that cross-border cooperation is meant to be comprehensive, covering "security, economic, social and cultural matters."

In short, the British Government has invited the Irish Government to have a voice in administering the troubled province of Northern Ireland. Never before has Britain formally acknowledged that the Republic of Ireland had any role to play in governing the north. Article 1 of the Agreement specifically emphasizes that Northern Ireland is legally part of the United Kingdom and will continue to remain so until a majority of the populace decides otherwise. Nonetheless some Protestant leaders in Northern Ireland have expressed strong opposition to this new role.

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The Agreement is vague about procedures and details but clear about the broad scope of the cooperation that is envisaged between the two governments. "The United Kingdom Government accepts that the Irish Government will put forward views and proposals on matters relating to Northern Ireland." The Agreement provides no procedure for arbitrating or resolving differences but merely states that in the interest of promoting peace and stability, determined efforts shall be made through the Intergovernmental Conference to resolve any differences.

The operation of the Intergovernmental Conference was carefully outlined. The Conference is to meet at either ministerial or official level, its meetings shall be "regular and frequent," and its business will "receive attention at the highest level." The Irish minister designated as the permanent Irish ministerial representative and the British secretary of state for Northern Ireland are to serve as co-chairmen. The agreement establishes a joint secretariat to help follow up on the Intergovernmental Conference's decisions and plan future meetings.

The fourth article of the Agreement asserts that it is the declared policy of Britain to encourage a devolved government in the north that would be acceptable to both sides of the community and that the Irish Government supports that policy. Article 5, entitled "Political Matters," sets forward three objectives. They are to accommodate the rights and identities of the two communities, protect human rights and prevent discrimination. Among the subjects for review by the Intergovernmental Conference are "measures to foster the cultural heritage of both traditions, changes in electoral arrangements, the use of flags and emblems, the avoidance of economic and social discrimination and the advantages and disadvantages of a Bill of Rights."

Article 6 states that the Irish Government may put forward proposals "on the role and composition" of five government agencies: the Standing Advisory Commission on Human Rights, the Fair Employment Agency, the Equal Opportunities Commission, the Policy Authority, and the Police Complaints Board.

Articles 7 and 8 discuss the need for improvement in police training, police and community relations, and an increase in the number of Catholics in the police. Prison policies and the cases of individual prisoners are subject to review by the Intergovernmental Conference. There is to be an effort to harmonize criminal law in the north and the south, and consideration will be given to the possibility of mixed courts in both jurisdictions.

The remaining articles express support for the creation of an Anglo-Irish parliamentary committee drawn from the House of Commons and the lower house of the Irish Parliament and provide for a review of the agreement after three years.

The Anglo-Irish Agreement of November 15, 1985, represented the culmination of a multi-year process aimed at reducing some of the bitter division in Northern Ireland so that the aspirations of both communities for a future free from violence and economic and political despair could be realized. President Reagan and the Congressional leadership hailed the Agreement signed by Prime Ministers Margaret Thatcher and Garret FitzGerald as providing "a framework of peace" and "an important step toward reconcilia-

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tion." They indicated as well their willingness to provide tangible U.S. assistance to demonstrate concrete support for the Agreement and for improvement of social and economic conditions which have fed the violence in Northern Ireland. Subsequently, the Congress passed a concurrent resolution supporting the Anglo-Irish Agreement and declaring its willingness to work with the President in demonstrating this support, including economic and financial support.

INTERNATIONAL FUND

As their principal new vehicle to provide for economic reconstruction of Northern Ireland and affected areas of the Republic of Ireland, the British and Irish Governments have proposed to establish an International Fund to which the United States and other countries might contribute. The objectives of the proposed International Fund are, first, to challenge the chronic unemployment and deprivation which create an economic and social environment in which instability can flourish (Northern Ireland has suffered the loss of 60 percent of its manufacturing jobs since 1968), and second, to encourage contact, dialogue, and reconciliation between Nationalists and Unionists throughout Ireland. The fund is to stimulate private investment and enterprise and encourage voluntary effort, including self-help measures. Special emphasis is to be placed upon the needs of younger people, particularly job creation, as well as beneficial cross-border activities. Specific projects to be assisted remain under discussion but, illustratively, the fund would assist in providing U.S. management expertise to smaller Northern Irish companies; development of tourism; diversification of agriculture, forestry, and the fishing industry. The British and the Irish governments have agreed that some 75 percent of the Fund would be directed to Northern Ireland, while the remainder would be applied to those areas of the Republic of Ireland most affected by the past decade's turmoil.

Technical talks of the proposed fund were initiated among the British, Irish, and U.S. Government in December 1985 and are continuing in efforts to work out operational details on the scope of the fund's activities, the degree of U.S. Government involvement in policy formulation for the Fund, and participation by other donors.

COMMITTEE COMMENTS

The committee firmly endorses the Anglo-Irish Agreement. The issue of the level and nature of U.S. assistance in support of the Agreement, however, is a difficult one.

In light of the political significance that the Governments of the United Kingdom and the Republic of Ireland attach to a demonstration of U.S. support for the Agreement, the committee is persuaded of the need to provide a meaningful U.S. contribution of assistance. Unfortunately, this request for assistance comes at time when the United States is faced with severe constraints on its own financial resources. Consequently, the amended substitute reported by the committee represents an attempt to address the need to demonstrate support for the Agreement while simultaneously ac-

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knowledging the degree of fiscal responsibility so necessary under current U.S. budgetary circumstances.

The Administration bill included $20 million in ESF funding for 2 years whereas S. 2149 would authorize $50 million a year for 5 years. While a number of committee members favored a more substantial U.S. cash contribution to the fund—5 members were cosponsors of S. 2149—the committee ultimately settled on a lower, $10 million level due primarily to domestic budget constraints. When conditions warrant, the committee will review this level of funding. The committee substitute also provides funding for fiscal years 1986 and 1987 only. Both the President's request, and the alternative S. 2149 contemplate a 5 year program. The committee's limitation of funding to a 2 year authorization reflects this committee's longstanding reluctance to provide multi-year authorization and its commitment to review the status of the fund, its operations and contributions, before reauthorizing U.S. participation.

The committee bill requires a Presidential certification that certain objectives have been furthered concerning non-discrimination in employment, and equal-opportunity, prior to release of any U.S. funds. The bill also requires an annual report on the activities of the international fund which will be the channel through which U.S. assistance will be provided to Northern Ireland and the Republic of Ireland. There is now a clear consensus that the U.S. direct funding will take the form of a cash contribution to the international fund. Such funds will be commingled with the funds of other donors. The Committee would like to note, therefore, its clear understanding that the report on the activities of the fund will suffice to satisfy any audit requirement in U.S. law associated with this funding.

The committee's support of assistance through the international fund is based on the hope that the fund will make a significant contribution to the economic revitalization of the region. In relation to the activities of the international fund, the committee notes the importance of such activities to the economic revitalization of affected areas of Ireland and Northern Ireland and that the fund will be used to support the expansion of the private sector and employment generating opportunities in the region. It is the committee's hope, therefore, that in the negotiations concerning the U.S. contribution to the capitalization of the fund, the Administration will emphasize that the fund should have as a paramount objective the economic recovery of the region, especially through the expansion of such private sector activities.

Section-by-Section Analysis

Section 1. Short title.—This section provides that the bill may be cited as the "Anglo-Irish Agreement Support Act of 1986."

Section 2. Findings and purpose.—This section states the finding of Congress that the Anglo-Irish Agreement is a clear demonstration of progress in Northern Ireland and expresses strong Congressional support for the Agreement and for U.S. participation in this renewed commitment to social and economic progress in Northern Ireland and affected areas of the Republic of Ireland. Accordingly, the purpose of the act is to provide for the use of development and

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economic resources and authority under the Foreign Assistance Act of 1961 in support of the Anglo-Irish Agreement.

Section 3. Provision of assistance.—This section authorizes access to programs carried out under the authority of the Foreign Assistance Act, specifically, under

(1) Section 108, the Private Sector Revolving Fund;

(2) Sections 221 through 223, the Housing Guaranty Program;

(3) Title IV of chapter 2 of Part I, the Overseas Private Investment Corporation; and

(4) Section 661, the Trade and Development Program.

Section 4. Allocation of funds; authorization of appropriations.—This section allocates not more than $10 million of previously appropriated Economic Support Fund monies for fiscal year 1986 and authorizes appropriations of $10 million in new Economic Support Fund monies for fiscal year 1987 for the purposes of this act. The section also provides that this funding remain available until expended.

Section 5. Conditions and understandings relating to the United States contributions.—This section (1) reiterates existing statutory restrictions in sections 531(e) and 660 of the Foreign Assistance Act of 1961; (2) directs the President to attempt to ensure U.S. representation on the Board of the International Fund; and (3) authorizes assistance to be provided under the act upon Presidential certification that certain objectives have been furthered concerning non-discrimination in employment, and equal-opportunity.

Section 6. Annual reports.—This section requires an annual report by the President to Congress on the activities of the fund.

Section 7. Definition.—This section defines the term "Anglo-Irish Agreement" as the agreement signed between the United Kingdom and the Republic of Ireland on November 15, 1985, and the "International Fund" as that fund established pursuant to Article 10 of the Anglo-Irish Agreement.

Changes in Existing Law

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes are made by this bill.

Congressional Budget Office Cost Estimate

Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate requires that committee reports on bills or joint resolutions contain a cost estimate for such legislation in the fiscal year it is reported and in each of the following 5 years. The Congressional Budget Office has prepared the following estimate for this bill.

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U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 17, 1986.

Hon. RICHARD G. LUGAR,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the Anglo-Irish Agreement Support Act of 1986, as ordered reported by the Senate Committee on Foreign Relations on June 12, 1986.

The bill earmarks $10 million of funds appropriated to the economic support fund for fiscal year 1986 and authorizes the appropriation of an additional $10 million in fiscal year 1987 for a contribution to an international fund established to support the Anglo-Irish Agreement of November 15, 1985. The bill also authorizes that direct loans and guarantees provided through the Private Sector Revolving Fund, the Housing Guarantee Program, the Overseas Private Investment Corporation, and the Trade and Development Program may be used in support of the Agreement. Enactment of this bill and subsequent appropriation of the $10 million authorized for fiscal year 1987 is estimated to increase outlays in fiscal year 1987 by $10 million.

The bill is estimated to have no state or local government costs.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

EVALUATION OF REGULATORY IMPACT

In accordance with Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has concluded that there is no regulatory impact from this legislation.

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MINORITY VIEWS OF MR. ZORINSKY

The Senate Foreign Relations Committee has seen fit to approve a new foreign aid program for Northern Ireland. It is a noble concept, born of the best traditions of Americans extending a helping hand to those in trouble all over the world. Undeniably, it also speaks of the earnest hopes of Americans for peace in Northern Ireland. All that having been said, the stark truth is that we cannot afford it. The United States of America is broke. And worse, we are in debt up to our eyeballs. This is not the year, perhaps not the decade, to initiate new foreign aid programs, no matter the lofty purposes and good intentions. When the United States has a balanced budget, begins the climb out of debt and has restored a healthy economy, then will be the time for new international aid efforts. For the forseeable future, we will have major problems meeting the commitments worldwide which our nation has already undertaken.

It is important that we recognize that this legislation embodies a serious, new commitment. If it runs true to form, that commitment will only grow with time. Are we prepared to assume that responsibility, funding this program year in, year out at what undoubtedly will be increasing levels? If not, then our good intentions will only raise false hopes in Northern Ireland, and untimately, damage the process of peace there and our own credibility throughout the world. I appreciate the willingness of my colleagues on the Committee to recognize the fiscal problem, and consequently, to reduce the amount of this authorization from the $50 million provided by the House of Representatives to $10 million. But that is still $10 million we do not have, and more importantly, it begins a commitment which may grow before this legislation ever makes it out of conference with the House of Representatives.

I also believe we must be candid about where the responsibility should fall with regard to restoring peace in Northern Ireland. The problems in Northern Ireland are essentially of British origin. The United Kingdom is among our closest and most dependable allies in the world. It is also a major, industrialized power with a large foreign aid program. The British have the resources to address this problem, but must face the same tough policy choices we face here in the Senate in choosing among many competing priorities. There is great merit in assisting our British and Irish friends in resolving the problems of Northern Ireland, and I strongly support the Anglo-Irish agreement of November 1985. That alone, however, cannot be a compelling rationale for this legislation when our Government is scaling back assistance to farmers, school children, the elderly, businesses, the infirm, the poor and the homeless in our own country. I wish that the American wallet were as large as the American heart. As long as it is not, I will have great difficulty in taking money from those needing assistance here at home to pay for yet another, new commitment abroad.

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